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| APPLICATION NO.  | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO.            | CONFIRMATION NO.       |
|--|-------------|----------------------|--------------------------------|------------------------|
| 10/825,182   | 04/16/2004  | David M. Brickman    | 9575-012-23                    | 8293                   |
| 22852 7590 06/04/2007<br>FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER<br>LLP<br>901 NEW YORK AVENUE, NW<br>WASHINGTON, DC 20001-4413 |             |                      | EXAMINER<br>MERCHANT, SHAHID R |                        |
|  |             |                      | ART UNIT<br>3694               | PAPER NUMBER           |
|  |             |                      | MAIL DATE<br>06/04/2007        | DELIVERY MODE<br>PAPER |

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

|  |   |  |  |
|--|---|--|--|
| <p align="center"><b>Office Action Summary</b></p> | <p><b>Application No.</b></p> <p align="center">10/825,182</p>  | <p><b>Applicant(s)</b></p> <p align="center">BRICKMAN ET AL.</p> |  |
|  | <p><b>Examiner</b></p> <p align="center">Shahid R. Merchant</p> | <p><b>Art Unit</b></p> <p align="center">3694</p>                |  |

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 16 April 2004.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-27 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1,10-13 and 22-27 is/are rejected.
- 7) ☒ Claim(s) 2-9 and 14-21 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 16 April 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| <p>1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)</p> <p>2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)</p> <p>3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br/> Paper No(s)/Mail Date _____</p> | <p>4) <input type="checkbox"/> Interview Summary (PTO-413)<br/> Paper No(s)/Mail Date. _____</p> <p>5) <input type="checkbox"/> Notice of Informal Patent Application</p> <p>6) <input type="checkbox"/> Other: _____</p> |
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## **DETAILED ACTION**

### ***Priority***

1. Examiner has given consideration to applicant's Provisional Application No. 60/525,889 filed on December 1, 2003. For examining purposes of this application, the effective filing date will be December 1, 2003.

### ***Requirement for Information Under C.F.R. § 1.105***

2. Applicant and the assignee of this application are required under 37 CFR 1.105 to provide the following information that the examiner has determined is reasonably necessary to the examination of this application.

An issue of public use or on sale activity has been raised in this application. In order for the examiner to properly consider patentability of the claimed invention under 35 U.S.C. 102(b), additional information regarding this issue is required.

The Examiner upon conducting a search for prior art discovered a published document titled "Get Set for Loan-Level Pricing" by Arnold S. Kling (see attached Ref. U). The author, Arnold Kling, was at the time a principal economist at Freddie Mac's financial research department. The author discloses a pilot program conducted by Freddie Mac that adjusts guarantee fees for lender-customers according to a risk-rating matrix. In response to this requirement, please provide detailed information regarding this pilot program conducted in 1997. Applicant is reminded that failure to fully reply to this requirement for information will result in a holding of abandonment.

The fee and certification requirements of 37 CFR 1.97 are waived for those documents submitted in reply to this requirement. This waiver extends only to those documents within the scope of this requirement under 37 CFR 1.105 that are included in the applicant's first complete communication responding to this requirement. Any supplemental replies subsequent to the first communication responding to this requirement and any information disclosures beyond the scope of this requirement under 37 CFR 1.105 are subject to the fee and certification requirements of 37 CFR 1.97.

In responding to those requirements that require copies of documents, where the document is a bound text or a single article over 50 pages, the requirement may be met by providing copies of those pages that provide the particular subject matter indicated in the requirement, or where such subject matter is not indicated, the subject matter found in applicant's disclosure.

The applicant is reminded that the reply to this requirement must be made with candor and good faith under 37 CFR 1.56. Where the applicant does not have or cannot readily obtain an item of required information, a statement that the item is unknown or cannot be readily obtained may be accepted as a complete reply to the requirement for that item.

This requirement is an attachment of the enclosed Office action. A complete reply to the enclosed Office action must include a complete reply to this requirement. The time period for reply to this requirement coincides with the time period for reply to the enclosed Office action.

***Claim Objections***

3. Claims 2 and 14 objected to because of the following informalities: performance index  $PI_t$ , price reset frequency, performance measurement  $PM_t$  are said to be parameters of the formula,  $G_t = \text{Min} [\text{Max} (G_0 + PPA_t + TPA_t, \text{MinG}), \text{MaxG}]$  however, they are not recited in the formula. Applicant should define variables as they appear in formulas and avoid defining variables that are not recited in the formula. Appropriate correction is required.

4. Claims 2-9 and 14-21 objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

***Claim Rejections - 35 USC § 112***

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1, 12, 13, 24 and 25 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

7. Regarding claim 1, the phrase "a manner of securing" renders the claim indefinite because it is unclear whether the limitations following the phrase are part of the claimed invention. See MPEP § 2173.05(d).

8. Claim 1 recites the limitation "the guarantee fee" in line 7. There is insufficient antecedent basis for this limitation in the claim.

9. Regarding claims 12 and 24, the phrase "having insufficient data" renders the claim indefinite because it is unclear whether the limitations following the phrase are part of the claimed invention. See MPEP § 2173.05(d).

10. Claim 13 recites the limitation "the guarantee fee" in line 13. There is insufficient antecedent basis for this limitation in the claim.

11. Claim 25 recites the limitation "the performance-based certificate contract" in lines 5-6. There is insufficient antecedent basis for this limitation in the claim.

***Claim Rejections - 35 USC § 102***

12. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

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(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

13. Claims 1, 10-13 and 22-27 rejected under 35 U.S.C. 102(b) as being anticipated by article Get Set for Loan-Level Pricing by Arnold Kling (see PTO-892, Ref. U).

Hereinafter "Kling".

14. As per claim 1, Kling teaches method of structuring a performance-based participation certificate contract, comprising the steps of:

identifying a pool of assets;

identifying parameters for the assets;

identifying a manner of securing a guarantee fee for the contract;

issuing a security reflecting the parameters of the assets; and

resetting the guarantee fee for the security, based on realized performance of the assets, once every predetermined time period (see Ref. U, pages 21-22).

15. As per claim 10, Kling teaches the method of claim 1 as described above. Kling further teaches wherein the manner of securing future guarantee fee increases is varying an interest payment to a security holder as a guarantee fee varies (see Ref. U, pages 17-22).

16. As per claim 11, Kling teaches the method of claim 1 as described above. Kling further teaches wherein the assets are multi-family mortgages (see Ref. U, pages 17-22).

17. As per claim 12, Kling teaches the method of claim 1. The purported limitation of claim 12, wherein the assets are any assets having insufficient data to construct a robust predictor model, constitutes nonfunctional descriptive material and should not be given patentable weight. Nonfunctional descriptive material cannot lend patentability to an invention that would otherwise have been anticipated by the prior art. The nature of the assets does not alter any of the manipulative process steps of the method of claim 1. See MPEP 2106.01 [R-5]. (see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983). Thus, claim 12 fails to further limit the invention claimed in claim 1 and is rejected under the same logic as described above in claim 1.

18. Claims 13, 25 and 26 recite similar limitations to claim 1 and thus rejected using the same art and rationale in the rejection of claim 1 as set forth above.

19. Claim 22 recites similar limitations to claim 10 and thus rejected using the same art and rationale in the rejection of claim 10 as set forth above.

20. Claim 23 recites similar limitations to claim 11 and thus rejected using the same art and rationale in the rejection of claim 11 as set forth above.

21. Claim 24 recite similar limitations to claim 12 and thus rejected using the same art and rationale in the rejection of claim 12 as set forth above.



22. As per claim 27, Kling teaches the method of claim 1 as described above. Kling further teaches providing a guarantor with reimbursement for a predetermined amount of initial loss on the performance-based certificate contract (see Ref. U, pages 17-22).

### ***Conclusion***

This Office action has an attached requirement for information under 37 CFR 1.105. A complete reply to this Office action must include a complete reply to the attached requirement for information. The time period for reply to the attached requirement coincides with the time period for reply to this Office action.

The Examiner has cited particular columns and line numbers in the references as applied to the claims for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the responses, to fully consider the references in entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Shahid R. Merchant whose telephone number is 571-270-1360. The examiner can normally be reached on First Friday Off.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammel can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SRM

  
ELLA COLBERT  
PRIMARY EXAMINER